

Stockholm 2019-05-15

Response to consultation on the Prolongation of the State aid Regulations and Guidelines reformed under the State aid modernisation (SAM) package and expiring by the end of 2020.

The Swedish Gas Association thank you for the opportunity to answer this consultation on the Prolongation of the State aid Regulations and Guidelines reformed under the State aid modernisation (SAM) package and expiring by the end of 2020.

The Swedish Gas Association note that the proposed draft guidelines do not contain an amendment regarding the deadline for granting operational aid to food-based biofuels. We would like to take this opportunity to emphasize the need for the European Commission to ensure that the deadline in p. 113 and 121 of the EEAG is postponed from the end of 2020 to the end of 2022.

Sweden has very ambitious, national climate targets as it is decided by the Swedish Parliament in 2017, to have no net emissions of greenhouse gases by 2045. This is even more ambitious than the EU binding target to cut emissions by at least 40 % below 1990 levels by 2030. Sustainable food-based biofuels are expected to play a crucial role to comply with the commitments under the 2015 Paris Agreement on Climate Change. Biogas and high blended biofuels are generally more expensive to produce than petrol and diesel. Without the possibility to support sustainable food-based biofuels, the market for such fuels in Sweden will likely decrease substantially or possibly disappear.

The Swedish Gas association also note that the RED II does not contain a general limitation for support to food-based biofuels, nor does any other directive. It seems inconsistent to have the State aid guidelines banning state aid to food-based biofuels while the RED II legislation open up for support to food and feed crop-based biofuels.

The EEAG was adopted in 2014, intending to respect the principles set out in the 2030 framework to reduce greenhouse gas emissions in line with the 2050 roadmap. The restrictions regarding food-based biofuels laid down in p. 113 and 121 of the EEAG were based on elements in a draft of what would later become the ILUC directive. However, the ILUC directive was not yet adopted when the EEAG was adopted. The strict deadline for granting aid to food-based biofuels had, however, been omitted when the ILUC Directive was finally adopted in 2015. The restrictions on state aid to food-based biofuels laid down in the EEAG are thus based on restrictions which were never adopted in the final ILUC Directive. In addition to that, the introduction of the concept "high ILUC-risk biofuels" has brought a clear distinction between such fuels and for example biogas from crops that can have very low LCA-emissions even if provisional ILUC-emissions from Annex VIII in RED II is included.

Summing up, the Swedish Gas Association proposes that the deadline in p. 113 and 121 of the EEAG is postponed from the end of 2020 to the end of 2022 in order to enable a sufficient evaluation of the ban on state aid to food-based biofuels.

Best regards

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